

## AFRICA RISK CONSULTING

### Zambia Monthly Briefing June 2025

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#### Zambia Summary 17 June 2025

*The aftermath of former president Edgar Lungu's (2015-2022) death highlights deep political polarisation threatening Zambia's stability as it approaches the 2026 elections. The International Monetary Fund (IMF) concludes the fifth review of Zambia's 38-month Extended Credit Facility (ECF) arrangement, paving the way for access to approximately \$194m in financing. After navigating significant headwinds, Zambia is on the path to a complete economic turnaround, with the country forecasting growth projections to be the highest since 2021 this year while its currency is strengthening and inflation is decreasing.*

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#### Lungu's death exposes deep political divide ahead of 2026 vote

The aftermath of former president **Edgar Lungu's** (2015-2022) death on 5 June, marked by a bitter standoff between his family, his **Patriotic Front (PF)** party, and the government, has once again exposed the deep political polarisation threatening Zambia's stability as it approaches pivotal 2026 elections.

Critics denounced President **Hakainde Hichilema's** (2021-present) delayed response to Lungu's death, following claims by the opposition that Hichilema prevented his predecessor from travelling abroad for cancer treatment.<sup>1</sup> PF officials have openly accused the government of hastening his death, with some alleging poisoning, claims the state vehemently denied.<sup>2</sup> Lungu, died in **South Africa** following surgery and treatment for lung cancer.

Disagreement over Lungu's funeral also pitted the ruling **United Party for National Development (UPND)** against Lungu's family and the PF. Following his death, the government announced a state funeral at a government-owned lodge in Lusaka, but Lungu's party, directed mourners to its headquarters instead. Similarly, two competing books of condolence emerged, one state-sponsored and one party-controlled, forcing citizens to choose sides in their grief. Furthermore, Lungu's family and the government disagreed on his burial arrangements and after over a week of negotiations, the government and the family of the late former president finally reached an agreement on 16 June on his burial arrangements.<sup>3</sup> Lungu's remains will be repatriated from South Africa on 18 June, with the burial scheduled for 23 June. The PF also confirmed that the outstanding matters had been resolved with Lungu set to be accorded a state funeral presided over by Hichilema.

This discord is rooted in years of acrimony between Lungu and his successor with their rivalry peaking in 2017 when Lungu jailed Hichilema for 100 days on treason charges after a motorcade incident.<sup>4</sup> Though Hichilema defeated Lungu in 2021, the animosity persisted. Lungu's 2023 return to politics intensified tensions, culminating in a constitutional court ruling barring him from running in the 2026 election, a decision the PF decried as politically motivated. The state then stripped Lungu of some of his retirement benefits, citing a law that withdraws privileges if ex-presidents re-enter politics.

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<sup>1</sup> BBC, 10 Jun 2025

<sup>2</sup> BBC, 2 Nov 2023

<sup>3</sup> Lusaka Times, 16 Jun 2025

<sup>4</sup> BBC, 16 Aug 2017

While the disagreements were resolved, the funeral chaos reflects broader democratic concerns in Zambia. A 2024 **United Nations (UN)** report has also noted rising polarisation along ethnic lines, with political rhetoric inflaming tensions.<sup>5</sup> Opposition figures and analysts have also highlighted that laws are being selectively enforced to target rivals. For example, the **Public Order Act** has been used to disrupt opposition gatherings. On the 8 June, heavily armed security forces shut down an opposition **Socialist Party** rally in **Kitwe** even after granting permission.<sup>6</sup> Similarly, on 18 May, police disrupted a meeting between Bishop **Clement Mulenga** and Lungu, accusing them of holding an illegal gathering.<sup>7</sup>

Notably, ahead of the 2026 vote, Lungu's death leaves the PF leaderless and fragmented. As the opposition's unifying figure, his absence jeopardises the **Tonse Alliance**, an 11-party coalition banking on his charisma to challenge Hichilema. Internal PF factions, led by **Miles Sampa**, **Given Lubinda**, and **Robert Chabinga**, will now vie for control, risking further splits.

### Zambia to access a further \$194m from IMF

The **International Monetary Fund (IMF)** announced on 9 June that it had reached a staff-level agreement with Zambia on the economic policies and reforms needed to conclude the fifth review of its 38-month **Extended Credit Facility (ECF)** arrangement, unlocking access to approximately \$194m in financing.

In a statement following meetings with Hichilema and senior government officials, IMF mission head for Zambia, **Vera Mercedes Vera-Martin** said the economy showed resilience in 2024 despite a severe drought and global economic headwinds.<sup>8</sup> Real GDP growth is now estimated at 4% for 2024, up significantly from the 1.2% projected during the fourth review in December 2024, driven by a stronger-than-expected performance in both mining and non-mining sectors, particularly ICT, financial services, and construction, alongside a less severe agricultural contraction.

To safeguard fiscal and debt sustainability, Vera-Martin recommended continued revenue mobilisation and tighter expenditure controls, with key measures including strengthening tax administration, broadening the tax base, improving spending efficiency, and closely monitoring fiscal risks. While inflation is projected to decline gradually in 2025 as food and fuel prices ease, the IMF says continued vigilance is necessary amid elevated uncertainty and persistent price pressures.

Zambia's \$1.3 billion ECF arrangement was approved in August 2022 with the access augmented to \$1.7 billion in June 2024.<sup>9</sup> The programme has supported Zambia's **Eighth National Development Plan (8NDP)** that seeks to entrench macroeconomic stability, attain debt and fiscal sustainability, enhance public governance, and foster inclusive growth to improve the livelihoods of Zambians.

The ECF arrangement is set to end in October and finance and national planning minister **Situmbeko Musokotwane** has noted that the government has not yet made a final decision on the future of another IMF programme.<sup>10</sup>

<sup>5</sup> Lusaka Times, 29 Aug 2024

<sup>6</sup> Zambia Monitor, 8 Jun 2024

<sup>7</sup> Cruxnow, 22 May 2024

<sup>8</sup> Zambia Monitor, 10 Jun 2025

<sup>9</sup> Reuters, 27 Jun 2024

<sup>10</sup> Zambia Monitor, 11 Jun 2025

## Kwacha makes gains as economic signals turnaround

After navigating significant headwinds, Zambia's economy is signalling a robust turnaround, with key indicators pointing towards a more stable and promising future. Bolstered by crucial reforms and favourable external conditions, the nation is witnessing higher growth projections for 2025, a remarkable strengthening of the kwacha, and a decline in inflation rates. Musokotwane has forecast 6% economic growth this year, the highest growth rate since 2021 due to improved rainfall and higher metal production.<sup>11</sup> The economy grew by a revised 4% last year.

Economic growth prospects have also been bolstered by the country's agreements to restructure its debts with official creditors under the **G20 Common Framework** and with private bondholders which has helped remove a massive cloud of uncertainty. As Africa's second-largest copper producer, Zambia benefitted immensely from sustained high global copper prices which have driven increased mining output and planned investments in the sector.

Parallel to the growth optimism is a dramatic appreciation of the kwacha. From being one of the world's worst-performing currencies in late 2023 and 2024, the kwacha has staged an impressive comeback, registering its third consecutive month of gains in May.<sup>12</sup> According to data, as of 11 June, the kwacha was **Africa's** second best performing currency after surging by 8% from the start of the year.<sup>13</sup> The local currency's positive performance was supported by steady foreign exchange inflows from corporates, offshore investors, and sustained intervention by the **Bank of Zambia** (central bank), which collectively helped meet market demand throughout the month.

The successful debt restructuring and renewed engagement with the IMF have boosted foreign exchange reserves and attracted portfolio investment. The central bank has maintained a relatively high policy rate, currently 14.5%, making kwacha assets more attractive and curbing speculative dollar demand. A stronger kwacha will help reduce the cost of importing essential goods, like fuel and fertiliser, ease pressure on businesses with foreign debt, and help curb imported inflation.

Completing the positive picture is a sustained decline in inflation. After rising significantly in 2024 due to the drought, the annual inflation rate has been on a steady downward path. As of May 2025 it stood at 15.3% from 16.5% recorded in April, with the disinflationary trend driven by the central bank's commitment to maintaining a tight monetary stance, a strengthening kwacha, as well improved food supply.<sup>14</sup> While still high compared to regional targets, the consistent decline is a crucial step towards the central bank's medium-term target of between 6% and 8%.

The convergence of higher growth projections, a resurgent kwacha, and steadily declining inflation paints a picture of an economy finding its footing after years of strain. The hard-won debt restructuring deal has been the keystone, unlocking confidence and finance. While vigilance against persistent risks like climate change and commodity dependence is necessary, the current trajectory offers genuine hope. If the government maintains its reform commitment and navigates the remaining challenges effectively.

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<sup>11</sup> Bloomberg, 10 Jun 2025

<sup>12</sup> Zambia Monitor, 2 Jun 2025

<sup>13</sup> Bloomberg, 11 Jun 2025

<sup>14</sup> Diggers, 30 May 2025

## Planner

Jul 2025 **Lusaka (Zambia)** Mid-Year Budget Review

13 Aug 2025 **Lusaka (Zambia)** **Bank of Zambia** (central bank) **Monetary Policy Committee (MPC)** meeting

Aug 2026 **Lusaka (Zambia)** General election

## Chronology

15 Jun 2025 **Lusaka (Zambia)** *Zambia Monitor*. Government formalises a strategic partnership with Zambian firm, **Accura Logistics**, and international investor, **Baker Global Capital Africa**, for the deployment of 50MW of solar energy across 209 public institutions in the eastern province;

12 Jun 2025 **Lusaka (Zambia)** *Zambia Monitor*. The **United Kingdom's** minister for **Africa**, Lord **Ray Collins** visits Zambia with a central focus to reaffirm this country's commitment to the **UK-Zambia Green Growth Compact**, a flagship agreement aimed at mobilising £2.5 billion (\$3.37 billion) in private investment into Zambia;

12 Jun 2025 **Lusaka (Zambia)** *Diggers*. Mines and minerals development minister **Paul Kabuswe** says government is constructing gold marketing centres across the country in a bid to help small scale artisanal miners maximise their profits by avoiding abuse from briefcase buyers;

12 Jun 2025 **Lusaka (Zambia)** *Diggers*. state-owned **Industrial Development Corporation (IDC)** appoints **Phesto Musonda** as a non-executive director and board chairperson of **ZCCM Investments Holdings Plc (ZCCM-IH)**;

12 Jun 2025 **Lusaka (Zambia)** *Diggers*. Civil society organisations, the **Law Association of Zambia**, and governance watchdogs urge the government to halt constitutional consultations until a transparent, inclusive process is established, failing which, they say, the constitution could be weakened and democracy undermined;

11 Jun 2025 **Lusaka (Zambia)** *Zambia Monitor*. Green economy and environment minister, **Mike Mposha** says government has sought legal guidance from the office of the attorney general on how to proceed against **China-based Sino Leach Metals**, following the company's pollution of the **Kafue River** and surrounding streams in the **Copperbelt Province**;

9 Jun 2025 **Lusaka (Zambia)** *Diggers*. **Kansanshi Mining Plc** discloses that its \$1.25 billion **S3** expansion project is scheduled to be commissioned in the second half of this year with the project expected to double copper ore processing from 28 million tonnes to about 53 million tonnes;

9 Jun 2025 **Lusaka (Zambia)** *Diggers*. **TAZAMA** board fires managing director **Davison Thawethe** two days after President **Hakainde Hichilema** dismissed the energy ministry's permanent secretary **Peter Mumba**;

8 Jun 2025 **Lusaka (Zambia)** *Zambia Monitor*. **Nigeria-based Africa Finance Corporation (AFC)**, which is owned by African central banks and development lenders, will sign a deal with **Italy** for \$320m in financing for the **Lobito Corridor** project;

7 Jun 2025 **Lusaka (Zambia)** *Zambia Monitor*. Commerce, trade and industry minister **Chipoka Mulenga** meets **Zimbabwe's** foreign affairs and international trade minister **Amon Murwira** and reaffirms their countries' commitment to strengthening trade and investment relations;

6 Jun 2025 **Lusaka (Zambia)** *Zambia Monitor*. Government launches a joint steering committee meeting on the operationalisation of the **Katima Mulilo One-Stop Border Post (OSBP)** with **Namibia**;

6 Jun 2025 **Lusaka (Zambia)** *Reuters*. Finance minister **Situmbeko Musokotwane** says Zambia will restructure its debt with regional lenders including the **African Export-Import Bank (Afreximbank)** and remain in default on those payments until it completes the process;

5 Jun 2025 **Lusaka (Zambia)** *Zambia Monitor*. The **Bank of Zambia** (central bank) places microlender, **Ecsponent Financial Services Limited**, trading as **MyBucks**, under liquidation due to insolvency with the company having accumulated liabilities of \$5.74m and a capital deficiency of \$6.98m;

5 Jun 2025 **Lusaka (Zambia)** *Zambia Monitor*. **Small-Scale Farmers Development Agency (SAFADA)** criticises the **Food Reserve Agency's (FRA)** newly announced maize floor price of K340 (\$13.79) per 50kg bag, describing the K10 (\$0.41) increment as a “mockery” and a “slap in the face” of farmers grappling with rising production costs;

4 Jun 2025 **Lusaka (Zambia)** *Zambia Monitor*. **Electoral Commission of Zambia (ECZ)** chief electoral officer **Brown Kasaro**, announces rescheduling of the **Mfuwe Constituency** by-election from 10 July to 7 August citing stakeholder feedback and the commission's commitment to inclusive and transparent electoral processes;

3 Jun 2025 **Lusaka (Zambia)** *Zambia Monitor*. **European Union (EU)** approves a second phase of the **Enterprise Zambia** initiative, valued at approximately \$41.4m, aimed at supporting agriculture and agri-business development along the **Lobito Corridor**, in collaboration with the German government;

3 Jun 2025 **Lusaka (Zambia)** *Lusaka Times*. As tensions mount ahead of the **Lumezi (Eastern Province)** by-election, opposition party **Patriotic Front** secretary general **Raphael Nakacinda** challenges the **Electoral Commission of Zambia's** credibility, accusing it of bias and selective enforcement while questioning its ability to fairly implement its threat to disqualify parties involved in political violence;

3 Jun 2025 **Lusaka (Zambia)** *Diggers*. **Canada's First Quantum Minerals (FQM)** says it made a direct economic contribution of \$2.6 billion to the country in 2024 and paid a total of \$19.37m in withholding tax in the year;

2 Jun 2025 **Lusaka (Zambia)** *Zambia Monitor*. **Non-governmental Gender Organisations Coordinating Council (NGOCC)** rejects **Constitution Amendment Bill No. 7 of 2025**, calling on the government to halt the current process and reconfigure it into a truly inclusive, transparent, and broadly consultative national undertaking;

2 Jun 2025 **Lusaka (Zambia)** *Zambia Monitor*. **United States**-based critical minerals developer, **Terra Metals**, and resource investment firm, **Metalex Commodities** reportedly finalise an agreement to establish a new copper and cobalt;

1 Jun 2025 **Lusaka (Zambia)** *Lusaka Times*. President **Hakainde Hichilema** unveils China's **JCHX Mining Limited** as the new strategic investor in **Lubambe Copper Mine Limited**;

1 June 2025 **Lusaka (Zambia)** *Diggers*. Ambassador **Winnie Chibesakunda** presents her credentials to **Poland's** President **Andrzej Duda**;

30 May 2025 **Lusaka (Zambia)** *Zambia Monitor* Zambia's power utility, **ZESCO** announces that an additional 500MW - 800MW of solar energy capacity will be added to the main grid by the end of 2025;

30 May 2025 **Lusaka (Zambia)** *Lusaka Times*. Zambia loses the bid to head the **African Development Bank (AfDB)** after candidate **Samuel Munzele Maimbo** loses the election to **Mauritania's** former economy minister **Sidi Ould Tah**;

28 May 2025 **Lusaka (Zambia)** *Lusaka Times*. A **German** delegation focused on technology and innovation is in Zambia for a skills exchange through the **Germany-Zambia Digital Innovation Forum**;

27 May 2025 **Lusaka (Zambia)** *Diggers*. The **Copperbelt Energy Corporation (CEC)** makes history by becoming the first company listed on the **Lusaka Securities Exchange (LuSE)** to attain a market capitalisation of \$1 billion;

24 May 2025 **Lusaka (Zambia)** *Lusaka Times*. Agriculture permanent secretary **Green Mbozi** confirms government has disbursed over K74 m (\$3.1m) under the **Sustainable Agricultural Financing Facility** to support small-scale and emergent commercial farmers, with a primary focus on **Central Province**;

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